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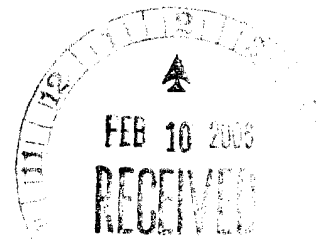
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KARL MORELL



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February 10, 2006

BY HAND DELIVERY

215783

The Honorable Vernon Williams
Surface Transportation Board
1925 K Street NW
Suite 715
Washington, DC 20423-001

Re: STB Docket No. 307 (Sub-No. 6X), Wyoming and Colorado
Railroad Company, Inc. -- Abandonment Exemption -- In Carbon
County, Wyoming

Dear Secretary Williams:

Attached for filing are the original and ten copies of a Petition for Exemption under 49 U.S.C. § 10502. Also attached is a check covering the \$5,200 filing fee.

Please time and date stamp the extra copy of the Petition and return it with our messenger.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell".

Karl Morell

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-307 (SUB-NO. 6X)

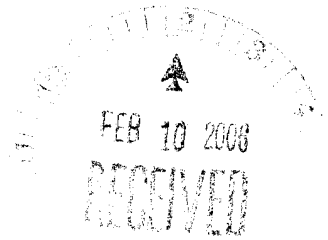
WYOMING AND COLORADO RAILROAD COMPANY, INC.
-- ABANDONMENT EXEMPTION --
IN CARBON COUNTY, WYOMING

PETITION FOR EXEMPTION

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Attorney for:
Wyoming and Colorado Railroad
Company, Inc.

Dated: February 10, 2006



BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-307 (SUB-NO. 6X)

WYOMING AND COLORADO RAILROAD COMPANY, INC.
--ABANDONMENT EXEMPTION--
IN CARBON COUNTY, WYOMING

PETITION FOR EXEMPTION

Wyoming and Colorado Railroad Company, Inc. ("WYCO") petitions the Surface Transportation Board ("STB" or "Board") to exempt, under 49 U.S.C. § 10502, from the prior approval requirements of 49 U.S.C. § 10903, WYCO's abandonment of a 23.71-mile rail line located in Carbon County, Wyoming.

PROPOSED TRANSACTION

WYCO proposes to abandon its rail line located between milepost 0.57, near Walcott, and milepost 24.28, at Saratoga, in Carbon County, Wyoming (the "Line"). The Line traverses U.S. Postal Service Zip Codes 82331 and 82335. A map of the Line is attached as Exhibit A.

Based on information in WYCO's possession, the Line does not contain any federally granted rights-of-way. Any documentation in WYCO's possession will be made available to those requesting it.

STATEMENT OF FACTS

WYCO acquired the Line, along with other rail lines, in November 1987 from the Union Pacific Railroad Company ("UP"). See Finance Docket No. 31140, *Wyoming and Colorado Railroad Company, Inc. - Acquisition and Operation Exemption - Certain Lines of Union*

Pacific Railroad Company (not printed), served November 30, 1987. In January 2003, the only shipper on the Line closed its mill and the Line has been dormant since that time.

In June 2003, six months after the mill in Saratoga closed, WYCO began the abandonment process. When WYCO learned that Intermountain Resources, LLC ("IMR") may be interested in purchasing and reopening the mill, WYCO suspended its abandonment efforts. WYCO had a number of discussions with IMR but was unable to reach an arrangement that would enable WYCO to operate the Line on a profitable basis. IMR informed WYCO that, if the mill is reopened, the traffic volumes would not justify retaining the Line and that the mill instead would use the nearby transload facilities operated by UP at Rawlins, WY.

On July 23, 2004, WYCO filed a petition seeking an exemption to abandon the Line in STB Docket No. AB-307 (Sub-No. 5X). Since the Line had been out of service for 18 months and based on IMR's representation that it intended to use UP's nearby transload facilities if the mill were ever reopened, WYCO expected its petition to be unopposed. Under these circumstances, WYCO elected not to submit cost evidence. Much to WYCO's surprise, protests were filed by IMR, the Saratoga-Carbon County Impact Joint Powers Board ("JPB"), the Town of Saratoga ("Saratoga"), and jointly by the State of Wyoming and Carbon County ("Wyoming").

In its protest, IMR noted that it had purchased the mill on September 26, 2003, but had delayed reopening the mill because it did not have sufficient timber resources. In its protest dated August 30, 2004, IMR unequivocally assured the Board that it had acquired sufficient timber to reopen the mill, that the mill would reopen by October 15, 2004, and that it initially expected to tender to WYCO between 70 and 80 cars per month. The remaining protestants in

the prior proceeding are not shippers and opposed the abandonment because of the economic benefits reopening the mill would have on the local community.

By decision served November 10, 2004 ("November 10th Decision"), the Board denied the petition for exemption. The Board explained that WYCO should have anticipated opposition to the abandonment and, therefore, should have submitted cost evidence.¹ The Board invited WYCO to refile a petition for exemption or file a formal abandonment application to provide the Board with the additional information that the Board would need.

Since no traffic has moved over the Line in over three (3) years, the abandonment qualifies for the class exemption at 49 C.F.R. § 1152.50. Nevertheless, in order to address the concerns raised by the Board in the November 10th Decision, WYCO is filing this petition. Given the unique circumstances, WYCO will address the various issues raised in the prior proceeding by submitting revenue and cost evidence for the following three time periods.

OPERATIONS PRIOR TO 2003

In the November 10th Decision, the Board criticized WYCO for not submitting revenue and cost evidence to substantiate WYCO's contention that the operations prior to the mill closing under the take-or-pay contracts were only marginally profitable and did not generate sufficient revenues to enable WYCO to perform normalized maintenance. WYCO fails to see the relevance in this or the prior proceeding of whether operations on the Line four years ago were profitable. As the Board well knows, many formerly profitable rail lines have been authorized

¹ As previously noted, WYCO did not expect opposition from IMR because of the representations made by IMR to WYCO. To WYCO's financial detriment, WYCO now knows the value to be placed on IMR's representations. It has also come to WYCO's attention that IMR acquired the mill at a steep discount and that IMR stands to make a significant profit by simply selling or scraping the mill. Consequently, WYCO fully expects IMR again to oppose the abandonment since the mill is worth significantly more if rail service is available.

for abandoned by the Board and its predecessor particularly where, as here, the line has lost its last shipper and has been dormant for over 3 years. Nevertheless, WYCO will comply with the Board's request.

The only traffic that moved over the Line since it was acquired by WYCO has been lumber, wood chips and a one-time shipment of fluorspar. The last active rail shipper on the Line was Louisiana-Pacific Corporation ("LP") which operated a mill in Saratoga. Since the mill was closed in January 2003, no traffic has moved over the Line.

Since WYCO acquired the Line, LP's traffic volumes have been inadequate fully to compensate the operation and continued maintenance of the Line. Therefore, LP agreed to enter into annual take-or-pay contracts that permitted WYCO to operate the Line on a marginally profitable basis in the last few years of operation.

In 1989, WYCO entered into a take-or-pay contract with LP which guaranteed WYCO payment for a minimum of 140 cars per calendar month on the Line. That same contract guaranteed WYCO payment for an additional minimum of 140 cars per calendar month moving from an LP facility in Walden, CO on WYCO's former Coalmont Branch. Because the former Coalmont Branch was located near the Line, WYCO was able to achieve lower per car operating costs by sharing costs for overhead and operating and maintenance crews between the two branch lines. In 1994, LP's Walden mill closed. *See* Docket No. AB-307 (Sub-No. 2X), *Wyoming and Colorado Railroad Company, Inc. – Abandonment Exemption – Jackson County, CO* (not printed), served May 19, 1995.

LP's traffic moving over the Line also began to decline and WYCO agreed to lower the number of cars covered by the take-or-pay contract in an attempt to keep WYCO's sole customer on the Line in business and with the hope that traffic volumes would increase in the future. In

1990, the number of cars covered by the take-or-pay contract was lowered to 100 per month and in 1999 the number was again lowered to 90 per month.

As the following table illustrates, in 2000 through 2002, WYCO handled an average of 1,100 cars annually and generated an average of \$386,365 in gross revenues on the Line.

<u>YEAR</u>	<u>ANNUAL CARLOADS</u>	<u>GROSS REVENUES²</u>
2000	638 ³	\$227,167
2001	1,118	\$408,825
2002	1,545 ⁴	\$523,104

In 2001, service to LP was provided an average of three days a week. WYCO utilized a two-man crew which was stationed in Laramie, WY. The crew would depart Laramie and proceed to Saratoga. On the operating days, the crew would gather up the loaded cars at the mill, attach them to the locomotives and proceed to the UP interchange at Walcott Junction. Upon delivery of the loaded cars, the crew would gather the empties at the interchange, return to Saratoga and re-spot the empties at the mill. On the non-operating days, the crew would perform maintenance work on the Line and maintenance and repair work on the two locomotives.

Trains on the Line were powered by two GP 7 locomotives. The two individuals worked full time on the Line. Approximately 65 percent of their time was spent operating the trains to and from the LP facility, 30 percent of their time was spent on track maintenance and the remaining 5 percent of their time was spent on locomotive repair and maintenance.

² Includes freight revenues and other income.

³ No traffic moved over the Line in April through August of 2000 due to a fire at the mill. Because LP invoked the force majeure clause in the take-or-pay contract, LP was not required to pay WYCO for the shortfall in carloadings in those months.

⁴ The carloadings for 2002 were above average because LP shipped out all stockpiled lumber as it was closing the mill.

REVENUE AND COST DATA FOR 2001⁵

During 2001, WYCO generated the following revenues on the Line:

Revenue:

Freight Originating and/or Terminating On-Branch	\$396,460
Bridge Traffic	0
Other Income	<u>12,365</u>
Total Revenues	\$408,825

On-Branch Avoidable Costs:

WYCO's on-branch avoidable costs for 2001 were as follows:

a. Maintenance-of-Way and Structures	\$142,260
b. Maintenance of Equipment	24,254
c. Transportation	107,242
d. General & Administrative	98,529
e. Deadheading, Taxi and Hotel	9,534
f. Overhead Movement	0
g. Freight Car Costs (other than return)	0
h. Return on Value – Locomotives	2,356
i. Return on Value – Freight Cars	0
j. Revenue Taxes	0
k. Property Taxes	<u>2,804</u>
Total Avoidable costs:	\$386,979
Avoidable (Loss) or Profit:	\$ 21,846

REVENUES

The identified freight revenues generated by WYCO in 2001 were all from traffic

⁵ WYCO has elected to present revenue and cost evidence for 2001, since the annual traffic volume in that year was more representative of the average traffic volumes moving over the Line in the last years of operation. As already explained, the carloads in 2000 were abnormally low because of the fire and carloads in 2002 were abnormally high because LP shipped out all stockpiled lumber before closing the mill. Moreover, the traffic volumes in 2001 are only marginally higher than those IMR assured the Board would be shipped over the Line beginning October 2004. All of the expenses are actual costs incurred by WYCO during 2001 on the Line except for Maintenance-of-Way and Structures which costs are presented on a normalized basis.

originated or terminated on the Line. As previously noted, the gross revenues for 2002 are misleading and well above average since LP moved significant carloads associated with the closing of its mill and not as a result of ongoing operations. The Line is stub-ended and, therefore, not capable of handling overhead traffic. In 2001, WYCO generated gross revenues of \$396,460 from freight operations and \$12,365 in other income, mainly from leases along the Line.

AVOIDABLE COSTS

Lines b through k under On-Branch Costs represent the actual on-branch costs incurred by WYCO in operating the Line during 2001.⁶ WYCO is utilizing normalized maintenance costs for Maintenance-of-Way and Structure costs (line a).

Maintenance-of-way and Structure costs (line a) equal \$142,260 and are based on normalized maintenance levels necessary to maintain the Line in Class 1 operating conditions. The actual maintenance-of-way costs incurred by WYCO on the Line in 2001 are estimated to be approximately \$45,017.⁷ The Board and its predecessor have long recognized the appropriateness of considering normalized maintenance costs in instances of deferred maintenance. *See Chicago and North Western Transp. Co. – Abandonment*, 366 I.C.C. 373, 377 (1982)(“Normalized maintenance is the amount needed for economic and efficient operation over the long term. *** We have, in the past, applied normalized maintenance calculations to

⁶ The costs are derived from the Income and Expense Statements for the Encampment Branch which are prepared monthly by WYCO's in-house accountant and certified annually by an independent accounting firm.

⁷ Actual maintenance costs are comprised of labor, parts and equipment. The Line was operated and maintained by two employees and approximately 30 percent of their on-duty time was spent maintaining the Line. Consequently, the estimated labor costs for maintenance of way are \$28,276 [30 percent of total wages and fringe benefits (WP 1-Items 400L, 406L and 408L)]. In 2001, the cost of track materials and supplies was \$16,577 (WP 1-Item 435M) and the cost of repair equipment was \$164 (WP 1-Item 431E).

actual maintenance figures and found that costs for normalized maintenance when compared to actual maintenance expenditures are indicative of deferred maintenance and are to be given consideration in determining whether or not the public convenience and necessity permit abandonment of a line.”).

The normalized maintenance costs of \$6,000 per mile being utilized by WYCO are conservative and based on the per-mile maintenance costs accepted by the Board and its predecessor in other abandonment proceedings.⁸ For example, the Board and its predecessor found as reasonable per-mile normalized maintenance costs of **\$10,943** in STB Docket No. AB-33 (Sub-No. 156), *Union Pacific Railroad Company – Abandonment – In Harris, Fort Bend, Austin, Wharton and Colorado Counties, TX* (not printed), served November 8, 2000; **\$6,957** in STB Docket No. AB-564 *Camas Prairie Railnet, Inc. – Abandonment – In Lewis, Nez Perce, and Idaho Counties, ID* (not printed), served September 13, 2000; **\$6,029** in STB Docket No. AB-441 (Sub-No. 2X), *SWKR Operating Co. – Abandonment Exemption in Cochise County, AZ* (not printed), served February 14, 1997, slip op. at 5 (“We know from extensive experience that \$6,000 per mile/per year is a reasonable figure for maintenance by a Class III railroad.”).

Maintenance of Equipment costs (line b) include wages and fringe benefits associated with locomotive repair and maintenance (\$4,713),⁹ locomotive repair costs (\$12,176),¹⁰

⁸ The \$6,000 per mile maintenance cost is used only for the mainline track and not for the .85 miles of sidings. No maintenance-of-way costs are included for the sidings.

⁹ Approximately 5 percent of the two employees’ on-duty time was spent repairing and maintaining the two locomotives that were dedicated to the Line. Consequently, \$4,713 of the total wage and fringe benefit costs are associated with locomotive repair and maintenance [WP 1-Items 400L, 406L and 408L].

¹⁰ WP 1-Item 422E. These costs consist of parts for the locomotives.

locomotive supplies (\$4,318),¹¹ and locomotive depreciation (\$3,047).¹²

Transportation costs (line c) include wages and fringe benefits associated with the freight operations on the Line (\$61,264),¹³ locomotive fuel costs (\$37,841),¹⁴ equipment rental (\$6,987)¹⁵ and derailment expenses (\$1,150).¹⁶

General and Administrative expenses (line d) include FRA User Fees (\$19),¹⁷ motor vehicle expense (\$8,502),¹⁸ claims (\$5,344),¹⁹ utilities (\$4,985),²⁰ telephone (\$6,965),²¹ office and general supplies (\$3,320),²² insurance costs (\$21,310)²³ and miscellaneous expenses (\$2,132).²⁴ WYCO also operates a 24-mile line in Oregon. Some General and Administrative expenses are not easily attributable to either the Oregon line or the Encampment Branch. Consequently, WYCO apportions these expenses between the two lines. For example, the Home

¹¹ WP 1-Item 423E.

¹² WYCO utilized two GP7s on the Line. One of the locomotives was fully depreciated in 2001. The other locomotive was acquired used in 1999. The actual depreciation expense taken by WYCO in 2001 for the second locomotives was \$3,047. See WP 2.

¹³ Approximately 65 percent of the two employees on-duty time was spent conducting freight operations. Consequently, \$61,264 of the total wages and fringe benefits are associated with transportation costs (WP 1-Items 400L, 406L and 408L).

¹⁴ WP 1-Item 421E.

¹⁵ WP 1-Item 434E. The costs associated with this Item were for rental of snow removal equipment, backhoes, and forklifts.

¹⁶ WP 1-Item 444G.

¹⁷ WP 1-Item 440G.

¹⁸ WP 1-Item 427E. The motor vehicle was used to transport the crew and hi-rail the Line for inspection and maintenance purposes and the amount includes repair costs.

¹⁹ WP 1-Item 443G.

²⁰ WP 1-Item 451G.

²¹ WP 1-Item 452G.

²² WP 1-Items 460G and 461G.

²³ WP 1-Item 470.

²⁴ WP 1-Item 490G. The miscellaneous expenses included the usage fee for access to UP computers.

Office expense is allocated on the basis of gross revenues generated by the two lines. In 2001, WYCO attributed \$45,952 of these expenses to the Line.²⁵

Deadheading, Taxi and Hotel expenses (line e) include travel expenses (\$1,160),²⁶ equipment and vehicle fuel expenses (\$8,069)²⁷ and meals (\$305).²⁸

Because the Line is stub-ended, there are no costs associated with overhead movements (line f). There were no car-hire costs incurred by WYCO in 2001 and, thus, no freight car costs (line g).

In 2001, WYCO utilized two GP7s one of which was fully depreciated. The other locomotive was acquired used in 1999 for \$21,326. At the beginning of 2001, the accumulated depreciation on that locomotive was \$5,078. Consequently, the return on value (line h) of this locomotive in 2001 was \$2,356 [$\$21,326 - \$5,078 \times 14.50\%$].²⁹

Freight car cost-return on value (line i) was \$0, since the cars used on the Line were all foreign cars.

There were no revenue taxes associated with WYCO's operations over the Line in 2001. Property taxes (line k) totaled \$2,804.³⁰

²⁵ WP 3.

²⁶ WP 1-Item 410G. Travel expenses consist primarily of motel costs for the crew when they were unable to return home because of weather conditions.

²⁷ WP 1-Item 429E.

²⁸ WP 1-Item 430E.

²⁹ The pre-tax cost of capital for the railroad industry for the year 2001 was 14.5 percent. See STB Docket No. AB-55 (Sub-No. 618), *CSX Transportation, Inc. – Discontinuance – At Memphis, In Shelby County, TN* (not printed), served October 28, 2002, slip op. at 7.

³⁰ WP 1-Item 441G.

BASE YEAR³¹

During the Base Year, WYCO generated the following revenues on the Line:

Revenue:

Freight Originating and/or Terminating On-Branch	\$0
Bridge Traffic	0
Other Income	<u>5,910</u>
Total Revenues	\$5,910

On-Branch Avoidable Costs:

WYCO's on-branch costs for the Base Year were as follows:

a. Maintenance-of-Way and Structures	\$142,260
b. Maintenance of Equipment	0
c. Transportation	0
d. General & Administrative	11,204
e. Deadheading, Taxi and Hotel	0
f. Overhead Movement	0
g. Freight Car Costs (other than return)	0
h. Return on Value – Locomotives	651
i. Return on Value – Freight Cars	0
j. Revenue Taxes	0
k. Property Taxes	<u>5,565</u>
Total Avoidable costs:	159,680
Avoidable (Loss) or Profit:	(\$153,770)

REVENUES

There were no freight operations on the Line during the Base Year. Consequently, WYCO generated no freight revenues. The Line generated \$5,910 in lease revenues during the Base Year.

³¹ WYCO is utilizing June 2004 through May 2005 as the Base Year because that is the latest mid-year financial data readily available. Because operations on the Line ceased in January 2003, financial data for any 12-month period during the last three years would essentially be the same.

AVOIDABLE COSTS

Lines b through k under On-Branch Costs represent the actual on-branch avoidable costs incurred by WYCO for the dormant Line during the Base Year.³² WYCO is again utilizing normalized maintenance costs for Maintenance-of-Way and Structure costs (line a).

Maintenance-of-Way and Structure costs (line a) equal \$142,260 and are based on normalized maintenance levels necessary to maintain the Line in Class 1 operating conditions. As previously explained, WYCO is utilizing \$6,000 per mile as normalized maintenance costs. The actual maintenance-of-way costs incurred by WYCO on the Line during the Base Year were in excess of \$3,032.³³

Because there were no freight operations on the Line during the Base Year, WYCO did not incur any Maintenance of Equipment costs (line b), Transportation costs (line c), Deadheading, Taxi and Hotel costs (line e), Overhead Movement costs (line f), Freight Car Costs (line g), Return on Value – Freight Cars (line i), or Revenue Taxes (line j).

General and Administrative expenses (line d) included motor vehicle expense (\$662),³⁴ utilities (\$1,239),³⁵ telephone (\$1,901)³⁶ and miscellaneous costs (\$168).³⁷ In addition, \$7,234 of General and Administrative expenses were allocated to the Line.³⁸

³² WYCO incurred significant additional expenses during the Base Year, such as legal, interest and various overhead expenses, that are not being included because they are arguably not recurring or avoidable costs.

³³ Actual maintenance costs of \$3,032 are comprised solely of track repair materials. WP 4-Item 435M. While WYCO also incurred labor costs in maintaining the Line, WYCO is unable readily to document those amounts.

³⁴ WP 4-Item 427E.

³⁵ WP 4-Item 451G.

³⁶ WP 4-Item 452G.

³⁷ WP 4-Item 490G.

³⁸ WP 5.

Return on Value – Locomotives (line h) was \$651 [$\$21,326 - \$17,264$ (accumulated depreciation as of January 1, 2005³⁹) x .1603].⁴⁰

Property taxes (line k) during the Base Year totaled \$5,565.⁴¹

Accordingly, during the Base Year, WYCO incurred losses of \$153,770 based on normalized maintenance costs and \$14,542 based on actual maintenance-of-way expenditures. Neither of these amounts, however, reflects the significant opportunity costs foregone by WYCO during the Base Year.

FORECAST YEAR HYPOTHETICAL OPERATIONS⁴²

WYCO fully expects the revenues and avoidable costs for the Forecast Year to be the same as, or similar to, the Base Year. The mill in Saratoga sits idle today as it did in January 2003, only somewhat more run down. WYCO can find no evidence that IMR has either the intention or capability of reopening the mill. There has been no activity at the mill from which one could conclude that IMR has any plans of reopening. Notwithstanding IMR's sworn representations to the Board on August 26, 2004, that it was in the process of contracting with the Forest Service to purchase timber sufficient to reopen the mill, WYCO is unaware of any timber contracts that IMR has obtained. IMR further assured the Board that the mill would be reopened by October 15, 2004. Over 15 months later the mill remains closed and the Line remains dormant.

³⁹ The actual depreciation for the locomotive was \$3,046.60 for calendar years 2000 through 2004 and \$2,031 for part year 1999. See WP 2.

⁴⁰ The pre-tax cost of capital for the railroad industry for year 2004, the latest data available, was 16.03 percent.

⁴¹ WP 4-Item 441G.

⁴² Pursuant to 49 C.F.R. § 1152.2(h), the Forecast Year is the 12-month period beginning February 1, 2006.

Since the November 10th Decision, WYCO has received only two communications from IMR. On January 11, 2005, counsel for IMR contacted counsel for WYCO wanting to know what information WYCO would need to frame a contract. In response, WYCO informed IMR on January 19th that WYCO would need to know the number of cars that IMR planned to ship in order to quote IMR a minimum charge per car. Not unsurprisingly, WYCO is still waiting for IMR's response. On June 27, 2005, IMR informed WYCO "that it intends to start up the Saratoga mill within 60 days" and requested that WYCO begin to repair the line. See Exhibit D. In response, WYCO pointed out that the cost of reopening the Line would be in excess of \$60,000. Given IMR's track record for predicting the reopening of the mill, WYCO informed IMR that WYCO would not commence the costly repairs until IMR: "(1) guarantee[d] to repay WYCO all costs incurred in reopening the Line if the mill is not shipping by rail within 60 days; (2) demonstrate[d] that it has an arrangement with UP for shipments by rail; and (3) provide[d] WYCO with shipping commitments that guarantee[d] WYCO will not be forced to operate at a loss."⁴³ No response has been received to date.

Even though WYCO is convinced that the mill will not reopen, at least not in the foreseeable future, WYCO is submitting to the Board a hypothetical profitability statement based on the 80 cars per month traffic projection in IMR's protest in the prior proceeding. IMR has never provided WYCO with any estimates as to the maximum amount it would be willing to pay per car before it utilized trucks. Consequently, the only revenue figures available to WYCO are the per car revenues WYCO generated from operating the Line from 1999 through 2002.

⁴³ Despite IMR's repeated claims that the opening of the mill is imminent, it appears that IMR has not contacted UP to obtain a rate quote. It is inconceivable that a shipper, truly as dependent on rail service as IMR claims, would have neglected to negotiate rates with the line-haul railroad. IMR is thus either not dependent on rail or has no plans to open the mill in the near future.

WYCO is utilizing the per car revenues received in 2001 (\$355) since the traffic volume that year was most comparable to IMR's prior projections and because of IMR's representation to the Board that it stands ready to sign an agreement with WYCO similar to the WYCO-LP agreement.

If IMR reopens the mill, ships 80 cars per month as it estimated in 2004 and is willing to pay WYCO the same rates LP paid, WYCO would generated the following revenues and incur the following costs on the Line in the Forecast Year:

Revenue:

Freight Originating and/or	
Terminating On-Branch	\$340,800
Bridge Traffic	0
Other Income	<u>5,910</u>
Total Revenues	\$346,710

Avoidable costs:⁴⁴

Based on shipments of 80 cars per month, WYCO's on-branch avoidable costs for the Forecast Year would be as follows:

a. Maintenance-of-Way and Structures	\$156,330
b. Maintenance of Equipment	25,335
c. Transportation	151,947
d. General & Administrative	108,274
e. Deadheading, Taxi and Hotel	10,477
f. Overhead Movement	0
g. Freight Car Costs (other than return)	0
h. Return on Value – Locomotives	326
i. Return on Value – Freight Cars	0

⁴⁴ Because the carloads utilized for the forecast year are very similar to the actual movements in 2001, WYCO is utilizing the actual costs incurred in 2001 indexed to July 2005 using the Gross Domestic Product Implicit Price Deflator for all items except fuel and depreciation. The composite GDP Deflator for 2001 is 102.399 and the Deflator for July 1, 2005 is 112.527. See WP 6, Pages 4 and 5. Consequently, the adjustment factor is 9.89 percent $[(112.527/102.399)-1]$. Because the price of fuel has more than doubled since 2001, WYCO is increasing the 2001 cost of fuel by 100 percent. WYCO is utilizing the actual depreciation it would be entitled to take in the Forecast Year.

j. Revenue Taxes	0
k. Property Taxes	<u>5,565</u>
Total Avoidable costs:	\$458,254
 Avoidable (Loss) or Profit	 (\$111,544)

REVENUES

As previously explained, the freight revenues utilized for the Forecast Year are based on 80 carloads of freight moving over the Line each month at a rate of \$355 per car. WYCO is utilizing the same lease revenues for the forecast year as was received during the Base Year.

AVOIDABLE COSTS

Maintenance-of-Way and Structure costs (line a) equal the normalized maintenance costs during 2001 (\$142,260) indexed to July 2005 utilizing the adjustment factor of .0989.

Maintenance of Equipment costs (line b) include the wages and fringe benefits associated with locomotive repair and maintenance costs, the locomotive repair costs, and the locomotive supply costs during 2001 (\$21,207) indexed to July 2005 utilizing the adjustment factor of .0989 (\$23,304). The actual locomotive depreciation expense for the forecast year is \$2,031.⁴⁵

Transportation costs (line c) include wages and fringe benefits associated with the freight operations on the Line during 2001, and the equipment rental expenses and derailment expenses during 2001 (\$69,401) indexed to July 2005 utilizing the adjustment factor of .0989 (\$76,265). The 2001 locomotive fuel expenses (\$37,841) are doubled (\$75,682).⁴⁶

⁴⁵ On October 1, 2005, all but \$2,031 had been depreciated on the locomotive.

⁴⁶ In 2001, WYCO paid an average price of \$1.0008 per gallon for locomotive fuel to operate its Oregon line. WP 7. On July 26, 2005, WYCO paid that same dealer \$2.169 per gallon. WP 8. In doubling the 2001 price of fuel for the forecast year, WYCO is being very conservative since fuel costs have increased significantly since the July 2005 purchase.

General and Administrative expenses (line d) consist of the various expenses incurred by WYCO during 2001 within this category (\$98,529) indexed to July 2005 utilizing the adjustment factor of .0989 (\$108,274).

Deadheading, Taxi and Hotel expenses (line e) consist of the 2001 expenses associated with this category (\$9,534) indexed to July 2005 utilizing the adjustment factor of .0989 (\$10,477).

As previously explained, there are no costs associated with overhead movements (line f).

Since there were no car-hire costs (line g) incurred on the Line in 2001, WYCO will assume that no such costs will be incurred during the Forecast Year.

Return on Value – Locomotive (line h) is \$326 [$\$21,326 - \$19,295$ (accumulated depreciation as of September 1, 2005) $\times .1603$].

Since there was no Return on Value – Freight Cars (line i) or Revenue Taxes (line j) associated with the Line during 2001, WYCO assumes no such costs will be incurred during the Forecast Year.

Property taxes (line k) are derived from the taxes paid during the Base Year without any adjustments.

OPPORTUNITY COSTS

Opportunity costs reflect the economic loss experienced by WYCO from forgoing a more profitable alternative use of the assets associated with the Line. Pursuant to *Abandonment Regulations – Costing*, 3 I.C.C.2d 340 (1987), the opportunity cost of road property is computed on an investment base equal to the sum of: (1) allowable working capital; (2) the net liquidation value (“NLV”) of the Line; and (3) current income tax benefits (if any) resulting from abandonment.

The NLV of the track components of the Line is set forth in the following Table.

Net Liquidation Value Of The Line⁴⁷
23.71 Track Miles of Mainline and .85 Track Miles of Sidings

Weight	Quality	Net Tonnage	Value/Ton	Total \$ Value
Rail:				
60 LB	Scrap	33 Tons	\$180.00	\$ 5,940
90 LB				
	#1 Relay	9 Tons	\$400.00	\$ 3,600
	Reroll	11 Tons	\$260.00	\$ 2,860
	Scrap	27 Tons	\$180.00	\$ 4,860
110 LB				
	Reroll	13 Tons	\$260.00	\$ 3,380
	Scrap	7 Tons	\$180.00	\$ 1,260
133 LB				
	#1 Relay	4,573 Tons	\$600.00	\$2,743,800
	#2 Relay	605 Tons	\$550.00	\$ 332,750
	Reroll	305 Tons	\$260.00	\$ 79,300
	Scrap	87 Tons	\$180.00	\$ 15,660
BAR:				
60 LB-110 LB	Scrap	7 Tons	\$180.00	\$ 1,260

⁴⁷ The quantities, quality and value per ton of the track components are based on a detailed inspection of the Line conducted in November 2005 by Railroad Materials Salvage, Inc. ("Railroad Materials"). A copy of the appraisal is attached as WP 9. While WYCO considers the quantities and quality estimates to be accurate, the valuations appear to be somewhat low. According to the U.S. Geological Survey's Mineral Industry Surveys dated January 2006, the price of steel scrap in October 2005 was \$202.33 per ton. See WP 10, Page 13, Table 13. Railroad Materials, however, estimated the price as \$180 per ton, or about 11 percent below the composite price set forth in the Mineral Industry Surveys. Moreover, Railroad Materials' valuations do not take into account the net salvage value of the ballast. Consequently, the NLV being utilized in this Petition is below the actual, current NLV. Therefore, these calculations should not serve as a proper valuation for purposes of any offer of financial assistance ("OFA"). Should an OFA be filed in this proceeding, WYCO will recalculate the NLV utilizing current and more accurate values per ton.

133 Lb	Relay	401 Tons	\$600.00	\$ 240,600
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PLATES:

Single Shoulder	Scrap	12 Tons	\$180.00	\$ 2,160
Double Shoulder	Relay	1,026 Tons	\$600.00	\$ 615,600
Double Shoulder	Scrap	26 Tons	\$180.00	\$ 4,680

SPIKES & BOLTS

ANCHORS:	Scrap	124 Tons	\$180.00	\$ 22,320
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TURNOUTS:	Scrap	7 ea.	\$500 ea.	\$ 3,500
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TIES: **Value Per Tie**

Fair	38,024	\$ 5.00	\$ 190,120
Scrap	36,354	\$ -0-	

Total Salvage Value:	\$4,273,650
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REMOVAL COSTS:

<u>Miles</u>	<u>Cost/Mile</u>	<u>Total Removal Costs</u>
24.56	\$13,000	\$319,280

TRANSPORTATION COSTS:	\$363,300⁴⁸
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NET SALVAGE VALUE	<u>\$3,591,070</u>
--------------------------	---------------------------

The Line consists of 23.71 miles of main line track and .85 miles of side track, for a total of 24.56 miles of track that can be salvaged. The track components consist of 5,670 net tons of track, 1,596 net tons of OTM, and 7 turnouts. The line also contains 38,024 fair ties and 36,354 scrap ties. The total value of the track components is \$4,273,650, and the total removal and transportation costs are estimated as \$682,580. Consequently, the NLV of the track structures on the Line is \$3,591,070.

The underlying right-of-way is partially fee and partially reversionary. While WYCO has not retained a real estate expert to value the right-of-way, based on WYCO's knowledge of recent sales in Saratoga and along the Line, WYCO preliminarily agrees with Railroad

⁴⁸ The transportation costs are estimated at \$50 per ton.

Materials' estimate that the gross value of the real estate is approximately \$85,500. Adjusting the gross value by 13 percent to account for selling costs, holding costs/gains and a discount factor, produces a net real estate value of \$74,385.⁴⁹

Consequently, the Net Liquidation Value for the Line equals \$3,665,455.

VALUATION OF ROAD PROPERTIES:

a. Working Capital	18,735 ⁵⁰
b. Income Tax Consequences	(771,820) ⁵¹
c. Net Liquidation Value	3,665,455
d. Valuation of Property Before Holding Gain	2,912,370
Nominal Rate of Return	16.03%
Total Return on Value – Opportunity Cost:	\$466,853 ⁵²

SUBSIDY:

a. Forecast Year Avoidable (Loss) or Profit from Operations	(\$111,544)
b. Estimated Rehabilitation	(\$60,000) ⁵³
c. Total Return on Value – Opportunity Cost	<u>(\$466,853)</u>
Estimated Subsidy Payment	(\$638,397)

⁴⁹ The adjustment assumes a sell-off period of 2 years, 10 percent real estate commission, very limited holding costs, since the only holding costs will be property taxes and the lease incomes exceed those costs, and a modest discount factor. In STB Docket No. AB-492 (Sub-No. 2X), *Fillmore Western Railway Company – Abandonment Exemption – In Fillmore County, NE* (not printed), served October 31, 2001 ("Fillmore"), the Board adjusted the gross land value by approximately 13.6 percent. Since the property in *Fillmore* generated no income whereas the Line does, WYCO's use a 13 percent adjustment to the gross land value is reasonable.

⁵⁰ On-branch Avoidable costs (\$458,254) less depreciation (\$2,031) and less Return on Value – Locomotive (\$326) = \$455,897 divided by 365 and times 15 = \$18,735.

⁵¹ WYCO is an S corporation. Thus, the first \$376,918 of gains are taxed as ordinary income at a tax rate of 39 percent and the remainder is taxed as capital gains at the rate of 19 percent.

⁵² WYCO is not including any Holding Gains or Losses. Given the historically high prices for steel, it is more likely than not that the prices will decline rather than increase during the Forecast Year. Even if the prices continue to increase, such increases will likely be more than offset by the low NLV being utilized to calculate WYCO's opportunity cost.

⁵³ WYCO estimates that it will cost at least \$60,000 to bring the Line and the locomotives back into operation. The work that needs to be done before the Line can be operated includes regulating the entire Line, clearing all brush and growth on the right-of-way, repairing the numerous badger holes along the Line, replacing bolts and joints and conducting an FRA inspection. In addition, the locomotives have sat idle for over three years and will likely need significant repair work before they are operable.

SUMMARY

In 2001, WYCO would have earned an operating profit of \$21,846 from operations on the Line if a normalized level of maintenance had been performed. That marginal operating profit, however, did not come close to covering WYCO's opportunity costs. Even if the actual maintenance costs (\$45,017) instead of the normalized maintenance costs (\$142,260) are utilized, WYCO experienced an economic loss of approximately \$347,764 during 2001.⁵⁴

During the Base Year, WYCO incurred an operating loss of \$153,770 and incurred foregone opportunity costs of approximately \$466,853 for a total economic loss of approximately \$620,623.

The Forecast Year calculations presuppose that IMR reopened the mill by February 1, 2006, began shipping 80 cars a month and agreed to pay WYCO \$355 per car. Even if IMR began to live up to the assurances it has made to WYCO and the assurances it gave the Board more than a year ago, WYCO would still incur an annual operating loss of \$111,544 and incur foregone opportunity costs of \$466,853 for a total economic loss of \$578,397. Moreover, WYCO's losses per car (\$665)⁵⁵ would far exceed the amount IMR purportedly would pay (\$355).

In order for WYCO to cover its operating costs and earn its cost of capital, IMR would have to make a subsidy payment of \$638,397 for the Forecast Year or guarantee WYCO 80 cars per month at \$1,020 per car.

The Line has sat dormant since January 2003. During the last 3 years, WYCO has incurred thousands of dollars in out-of-pocket expenses and has foregone opportunity costs in excess of **\$1,400,000**.

EXEMPTION REQUESTED

WYCO seeks an exemption under 49 U.S.C. § 10502 from the applicable requirements of 49 U.S.C. § 10903 in order for WYCO to abandon this unused 23.71-miles of rail line.

Under 49 U.S.C. § 10502, the STB must exempt a transaction from regulation when it

⁵⁴ Adjusted operating profit of \$119,089 less the Forecast Year opportunity cost of \$466,853.

⁵⁵ The estimated Subsidy of \$638,397 divided by IMR's projected 960 cars per year.

finds that:

(1) regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. § 10101; and

(2) either:

(a) the transaction is of limited scope; or

(b) regulation is not necessary to protect shippers from the abuse of market power.

The legislative history of Section 10502 reveals a clear Congressional intent that the STB should liberally use its exemption authority to free certain transactions from the administrative and financial costs associated with continued regulation. In enacting the Staggers Act of 1980, Pub. L. No. 96-448, 94 Stat. 1895, Congress encouraged the STB's predecessor to liberally use the expanded exemption authority under former Section 10505:

The policy underlying this provision is that while Congress has been able to identify broad areas of commerce where reduced regulation is clearly warranted, the Commission is more capable through the administrative process of examining specific regulatory provisions and practices not yet addressed by Congress to determine where they can be deregulated consistent with the policies of Congress. The conferees expect that, consistent with the policies of this Act, the Commission will pursue partial and complete exemption from remaining regulation.

H.R. Rep. No. 1430, 96th Cong. 2d Sess. 105 (1980). *See also Exemption From Regulation – Boxcar Traffic*, 367 I.C.C. 424, 428 (1983), *vacated and remanded on other grounds, Brae Corp. v. United States*, 740 F.2d 1023 (D.C. Cir. 1984). Congress reaffirmed this policy in the conference report accompanying the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, which re-enacted the rail exemption provisions as Section 10502. H.R. Rep. 422, 104th Cong., 1st Sess. 168-69 (1995).

A. The Application Of 49 U.S.C. § 10903 Is Not Necessary to Carry Out The Rail Transportation Policy

Detailed scrutiny of this transaction is not necessary to carry out the rail transportation policy. An exemption would minimize the unnecessary expenses associated with the filing of a formal abandonment application, expedite regulatory decisions and reduce regulatory barriers to exit [49 U.S.C. § 10101(2) and (7)]. *See, e.g., Norfolk & W. Ry. Co. – Abandonment Exem. – Cinn., Hamilton County, OH*, 3 S.T.B. 110 (1998); STB Docket No. AB-367 (Sub-No. 2X), *Georgia Central Railroad, L.P. – Abandonment Exemption – In Chatham County, GA* (not printed), served September 17, 1997 (“*Georgia Central*”). By abandoning the Line, WYCO will be able to avoid the out-of-pocket expenses and significant opportunity costs associated with retaining this dormant Line. Granting the exemption will thus foster sound economic conditions and encourage efficient management. 49 U.S.C. § 10101(5) and (9). *See, e.g., STB Docket No. AB-318* (Sub-No. 4X), *Louisiana & Delta Railroad, Inc. – Abandonment Exemption – In Lafourche and Assumption Parishes, LA* (not printed), served August 26, 1997; STB Docket No. AB-497 (Sub-No. 1X), *Minnesota Northern Railroad, Inc. – Abandonment Exemption – In Red Lake and Polk Counties, MN* (not printed), served November 14, 1997. WYCO will be able to rid itself of a line that has not seen traffic in over 3 years and utilize the salvage funds to maintain the tracks on the remainder of WYCO’s system. Other aspects of the rail transportation policy are not affected adversely. For example, competition and the continuation of a sound rail transportation system are not affected since there are no active shippers on the Line and no need for rail service along the Line.

B. This Transaction Is Of Limited Scope

In determining whether a proposed transaction is of limited scope, the Board considers a variety of factors, such as the length of the rail line, the number of shippers on the line and the traffic volume. *See, e.g.,* Docket No. AB-347 (Sub-No. 1X), *Florida West Coast Railroad Company – Abandonment Exemption – Gilchrist and Levy Counties, FL* (not printed), served January 16, 1992; Docket No. AB-6 (Sub No. 349X), *Burlington Northern Railroad Company – Abandonment Exemption – In Greene and Polk Counties, MO* (not printed), served August 27, 1993.

The proposed transaction is clearly of limited scope. WYCO is seeking to abandon a 23.71-mile line that traverses a predominantly rural area where there has been no demand for rail service in over 3 years. The shortness of the Line, the limited geographic area involved, and the lack of use all demonstrate the limited scope of the proposed abandonment. *See, e.g.,* Docket No. AB-397 (Sub-No. 3X), *Tulare Valley Railroad Company – Abandonment Exemption – In Tulare And Fresno Counties, CA* (not printed), served February 9, 1995.

C. This Transaction Will Not Result In An Abuse of Market Power

There has been no freight traffic on the Line in over 3 years. Therefore, regulation is not necessary to protect shippers from an abuse of market power. *See, e.g.,* STB Docket No. AB-55 (Sub-No. 576) *CSX Transportation, Inc. – Abandonment Exemption – In Guernsey County, OH* (not printed), served November 22, 1999; STB Docket No. AB-55 (Sub-No. 563X), *CSX Transportation, Inc. – Abandonment Exemption – In Harrison County, WV* (not printed), served September 25, 1998; *Georgia Central*.

In the prior proceeding, protestants' sole basis for seeking denial of the abandonment was IMR's projection of future outbound traffic that it expected to move over the Line. IMR will

likely oppose this request as well and present the Board with unsupported allegations of future traffic. The Board and its predecessor, however, have consistently rejected speculation about future traffic as a sound basis for denying the abandonment of an otherwise unprofitable rail line. See, e.g., STB Docket No. AB-433X, *Idaho Northern & Pacific Railroad Company – Abandonment Exemption – In Wallowa and Union Counties, OR* (not printed), served April 16, 1997 (“*Idaho Northern*”);⁵⁶ STB Docket No. 290 (Sub-No. 260X), *Tennessee Railway Company – Abandonment Exemption – In Scott County, TN* (not printed), served June 17, 2005 (“*Tennessee*”);⁵⁷ STB Docket No. AB-6 (Sub-No. 370X), *Burlington Northern Railroad Company – Abandonment Exemption – Between Mesa and Basin City, Franklin County, WA* (not printed), served January 27, 1997; Docket No. AB-290 (Sub-No. 122X), *Norfolk and Western Railway Company – Abandonment Exemption – In Randolph, Macon, Adair, and Schuyler Counties, MO, and Davis, Appanoose, and Monroe Counties, IA* (not printed), served September 17, 1993; Docket No. AB-55 (Sub-No. 413X), *CSX Transportation, Inc. – Abandonment Exemption – In Webster County* (not printed), served May 29, 1992. Also, a shipper, which IMR is not, but purports to be, “may not insist upon the maintenance of a burdensome line solely for its own benefit.” *Busboom Grain Company, Inc. v. ICC*, 856 F.2d 790, 795 (7th Cir. 1988).

⁵⁶ In *Idaho Northern*, the Board granted the abandonment even though a lumber mill had projected a total of 2,102 outbound movements of lumber and wood chips annually, the identical products IMR claims it will produce at Saratoga. In granting the abandonment, the Board found the traffic projections speculative but also noted that the mill had been utilizing truck service to deliver the finished products.

⁵⁷ Citing *Idaho Northern*, the Board, in *Tennessee*, noted that under its precedent “mere speculation about future traffic is not a sound basis upon which to deny an abandonment.” *Tennessee*, slip op., at 4

ENVIRONMENTAL AND HISTORIC REPORTS

The Environmental Report and the Historic Report containing the information required by 49 C.F.R. §§ 1105.07 and 1105.08 were forwarded to the Board on June 10, 2005. The Certificate of Service is attached as Exhibit C.

FEDERAL REGISTER NOTICE

A draft Federal Register notice is attached to this Petition as Exhibit B.

LABOR PROTECTION

The interests of railroad employees who may be adversely affected by the proposed abandonment will be adequately protected by the labor protection conditions in *Oregon Short Line R. Co. – Abandonment – Goshen*, 360 I.C.C. 91 (1979).

CONCLUSION

Application of the regulatory requirements and procedures of 49 U.S.C. § 10903 is not required to carry out the rail transportation policy set forth in 49 U.S.C. § 10101, as previously described in this Petition. Nor is STB regulation required to protect shippers from the abuse of market power. Moreover, this abandonment is of limited scope. Accordingly, WYCO respectfully urges the Board to grant the exemption.

Respectfully submitted,

A handwritten signature in cursive script, reading "Karl Morell", written in black ink.

Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Dated: February 10, 2006

EXHIBIT A



EXHIBIT B

SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-307 (SUB-NO. 6X)

WYOMING AND COLORADO RAILROAD COMPANY, INC. --ABANDONMENT EXEMPTION-- IN CARBON COUNTY, WYOMING

On February 10, 2006, Wyoming and Colorado Railroad Company, Inc. (WYCO) filed with the Surface Transportation Board a petition under 49 U.S.C. 10502 for exemption from the provision of 49 U.S.C. 10903 for WYCO to abandon a line of railroad extending from railroad milepost 0.57, near Walcott, WY, to railroad milepost 24.28, in Saratoga, WY, which traverses U.S. Postal Service Zip Codes 82331 and 82335, a distance of 23.71 miles in Carbon County, Wyoming. There are no stations on the line for which abandonment exemption was filed.

The line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

The interests of railroad employees will be protected by the conditions set forth in Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued within 90 days (by May __, 2006).

Any offer of financial assistance under 49 C.F.R. 1152.27(b)(2) will be due no later than 10 days after service of a decision granting the petition for exemption. Each offer of financial assistance must be accompanied by the filing fee, which currently is set at \$1,200. *See* 49 C.F.R. 1002.2(f)(25).

All interested person should be aware that following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use. Any

request for a public use condition under 49 C.F.R. 1152.28 and any request for trail use/rail banking under 49 C.F.R. 1152.29 will be due no later than 20 days after notice of the filing of the petition for exemption is published in the *Federal Register*. Each trail use request must be accompanied by a \$200 filing fee. See 49 C.F.R. 1002.2(f)(27).

All filings in response to this notice must refer to STB Docket No. AB-307 (Sub-No. 6X) and must be sent to: (1) Office of the Secretary, Case Control Unit, Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001, (2) Karl Morell, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 C.F.R. Part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis at (202) 565-1545 [TDD for the hearing impaired is available at (202) 565-1695.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

Decided: _____ 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings,
Vernon A. Williams

EXHIBIT C

CERTIFICATE OF SERVICE

Pursuant to 49 C.F.R. § 1152.60(d), the undersigned hereby certifies that the Petition for Exemption in STB Docket No. AB-307 (Sub-No. 6X) was mailed via first class mail on February 10, 2006, to the following parties:

State Public Service Commission Wyoming State Clearinghouse State Planning Coordinator's Office State Capital Building Room 124 Cheyenne, WY 82002 Wyoming Public Service Commission Hansen Building 2515 Warren Avenue Suite 300 Cheyenne, WY 82002	National Park Service Chief of National Recreation and Trails U.S. Dept. of Interior - Nat'l. Park Service Recreation Resources Assistance Division 1849 C Street, NW Washington, DC 20240-0001 National Park Service National Park Service 12795 W. Alameda Parkway Denver, CO 80225-0287 U.S. Department of Agriculture U.S. Department of Agriculture Chief of the Forest Service 4th Floor N.W., Auditors' Building 14th St. and Independence Ave., S.W. Washington, DC 20250
Military Traffic Management Command MTMCTEA ATTN: Railroads for National Defense 720 Thimble Shoals Blvd., Suite 130 Newport News, VA 23606-2574 Parties of Record in AB-307 (Sub-No. 5X): Larry Gildea 324 East 12 th Avenue Suite 2 Eugene, OR 97401-3274 Thomas W. Rumpke Senior Assistant Attorney General 123 Capitol Building Cheyenne, WY 82002	

<p>Mr. Michael Glode Saratoga-Carbon County Impact Joint Powers Board PO Box 486 Saratoga, WY 82331</p>	
---	--

Town of Saratoga
PO Box 486
Saratoga, WY 82331

Dated: February 10, 2006



Karl Morell

CERTIFICATE OF PUBLICATION

The undersigned hereby certifies that notice of the proposed abandonment in STB Docket No. AB-307 (Sub-No. 6X) was published on June 29, 2005, in the Saratoga Sun, a newspaper of general circulation in Carbon County, Wyoming as required by 49 C.F.R. § 1105.12.

Dated: February 10, 2006


Karl Morell

Affidavit of Publication

Clipping from Saratoga Sun
of notice as published

THE STATE OF WYOMING)

COUNTY OF CARBON)

I, COY D. HOBBS

being first duly sworn
do depose that I am editor

of the Saratoga Sun a legal newspaper of general circulation in Carbon County, Wyoming, and printed and published in the English language once a week at Saratoga in said County and State:

That the Saratoga Sun has been regularly and consecutively published for more than fifty-two weeks prior to the first publication of the notice hereof:

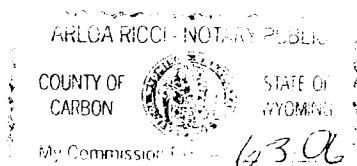
That the Legal #3842 copy of which is hereto attached and forms a part of this affidavit, was published in the said Saratoga Sun for 1 consecutive issues of the following dates, to-wit: June 29, 2005. And that the said notice was published in the regular and entire issue of said Saratoga Sun for said above dates and in the newspaper proper and not in a supplement thereof.

Signed _____

Subscribed in My Presence and sworn to before me at Saratoga, Wyoming on this the 29 day of July, 2005.

Arlo Ricci
Notary Public

My commission expires the 3 day of June, 2006



NOTICE OF INTENT TO ABANDON RAIL SERVICE

Wyoming and Colorado Railroad, Inc., gives notice that on or about June 30, 2005, it intends to file with the Surface Transportation Board (the "Board"), Washington, D. C. 20423, a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903, permitting the abandonment of the 23.71-mile line of railroad between railroad milepost 0.57, near Walcott, and railroad milepost 24.28, in Saratoga, which traverses through United States Postal Service Zip Codes 82331 and 82335 in Carbon County, Wyoming. This proceeding has been docketed as No. AB-307 (Sub-No. 6X).

The Board's Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 60 days after the filing of the petition for abandonment exemption. Comments on environmental and energy matters should be filed no later than 30 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to SEA, Surface Transportation Board, Washington, D.C. 20423 or by calling SEA at (202) 565-1538.

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the Board. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the Board's Office of the Secretary, 1925 K Street, N.W., Washington, D.C. 20423-0001 [See 49 CFR 1104.1(a) and 1104.3(a)], and one copy must be served on applicant's representative [See 49 CFR 1104.12(a)]. Questions regarding offers of financial assistance, public use or trails use may be directed to the Board's Office of Public Services at (202) 565-1592. Copies of any comments or requests for conditions should be served on the applicant's representative: Karl Morell, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, D.C. 20005, (202) 638-3307.

Legal #3842
Published in the Saratoga Sun
June 29, 2005

**ENVIRONMENTAL REPORT
CERTIFICATE OF SERVICE**

Pursuant to the requirements of 49 C.F.R. § 1105.7, the undersigned hereby certifies that a copy of the Environmental Report in STB Docket No. AB-307 (Sub-No. 6X) was mailed via first class mail on June 10, 2005, to the following parties:

Wyoming State Clearinghouse State Planning Coordinator's Office State Capital Building, Room 124 Cheyenne, Wyoming 82002	Department of Environmental Quality Herschler Building 122 West 25 th Street Cheyenne, Wyoming 82002
Carbon County Commissioners P.O. Box 6 Rawlins, Wyoming 82310	U.S. Environmental Protection Agency Region 8 999 18 th Street, Suite 300 Denver, Colorado 80202-2466
State Conservationist USDA Natural Resources Conservation Service Federal Building 100 East B Street, Room 3124 Casper, Wyoming 82601	U.S. Army Engineer, Omaha District Wyoming Regulatory Office 2232 Dell Range Blvd., Suite 210 Cheyenne, Wyoming 82009-4942
U.S. Fish and Wildlife Service 4000 Airport Parkway Cheyenne, Wyoming 82001	The National Geodetic Survey Department of Commerce/NOAA SSMC3 Station 9356 1315 East West Highway Silver Spring, MD 20910
National Park Service Recreational Resources Assistance Division 1849 C Street, NW Washington, D.C. 20240-0001	

Dated: February 10, 2006



Karl Morell

**HISTORIC REPORT
CERTIFICATE OF SERVICE**

Pursuant to the requirements of 49 C.F.R. § 1105.8(c), the undersigned hereby certifies that a copy of the Historic Report in STB Docket No. AB-307 (Sub-No. 6X) was mailed via first class mail on June 10, 2005, to the following party:

Wyoming State Historic Preservation Office
2301 Central Avenue
Barrett Building, 3rd Floor
Cheyenne, Wyoming 82002

Dated: February 10, 2006


Karl Morell

LARRY O. GILDEA

Attorney at Law

Larry O. Gildea

324 East 12th Avenue, Suite 2
Eugene, Oregon 97401-3274

Wendy Mechling
Legal Assistant

Telephone (541) 342-1771
Facsimile (541) 895-8787

June 27, 2005

VIA FACSIMILE
202-783-6947
___1___ page(s)

Karl Morell
Attorney at Law
Ball Janik LLP
1455 F Street, N.W., Suite 225
Washington, DC 20005

Re: WYCO Petition for Exemption
STB No. AB-307 (Sub-No. 5X)

Dear Karl:

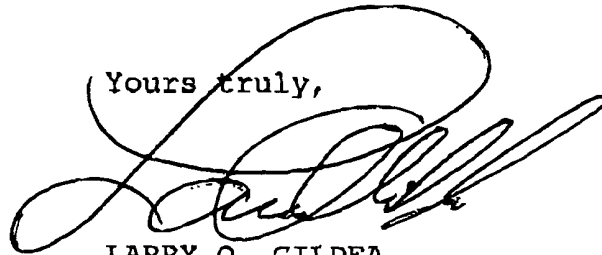
Intermountain Resources has notified me that it intends to start up the Saratoga mill within 60 days.

In your last letter to me, you said that WYCO will need a minimum of a 45-day notice to repair the line before traffic could start moving to or from Saratoga. Hence, I am giving you that notice.

I should have the other information you requested within the week.

Call if there are any questions or if you need any information in addition to that indicated in your January 19, 2005 letter to me. Thank you.

Yours truly,



LARRY O. GILDEA

LOG:mt

cc: Intermountain Resources, LLC

EXHIBIT D

WORKPAPERS

W Y C O - ENCAMPMENT BRANCH (E01) INCOME AND EXPENSE SUMMARY FOR THE YEAR 2001													PAGE 1
Acct. (Code)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
OPERATING INCOME:													
Freight Revenues	35,019.00	30,884.00	31,065.00	32,289.00	39,502.00	34,642.00	31,255.00	31,221.00	31,008.00	31,170.00	31,231.00	37,174.00	396,460.00
Switching & Demurrage Rev.													
Car Repair Revenue													
Passenger Revenue													
Concession Sales													
Property Rents			350.00		2,155.00		550.00		5,989.60		2,900.00	100.00	12,044.60
Other Income - Sundry			320.00										320.00
TOTAL OPERATING INCOME	35,019.00	30,884.00	31,735.00	32,289.00	41,657.00	34,642.00	31,805.00	31,221.00	36,997.60	31,170.00	34,131.00	37,274.00	408,824.60
OPERATING EXPENSE:													
Wages & Salaries	5,924.80	5,152.00	5,667.20	5,409.60	7,127.70	5,543.26	5,667.20	5,659.80	4,202.00	4,827.80	5,097.69	6,890.61	67,169.66
Payroll Taxes	1,960.07	1,710.02	1,596.22	1,797.67	2,353.89	1,818.90	1,885.32	1,844.90	1,285.12	1,621.08	1,706.57	1,988.62	21,365.38
Employee Health Insurance	433.70	433.70	433.70	433.70	440.30	440.30	440.30	531.90	531.90	531.90	531.90	531.90	5,715.20
Commissions													
Travel Expense	126.36	218.16				752.25			63.72				1,160.49
Advertising & Promotion													
Entertainment (Prof.)													
Consulting Fees													
Locomotive Rental													
Locomotive Fuel	3,883.20	5,939.87	4,214.58	4,027.80	2,921.06	2,071.32	1,199.21	1,113.99	2,481.21	2,175.49	3,565.11	4,247.93	37,840.77
Locomotive Repairs	9.37	1,085.54		145.80	1,022.04	4,125.75	4.23	220.27	966.60	850.38	2,536.55	1,409.32	12,175.95
Locomotive Supplies	334.64	354.45	462.85		1,675.54		96.99			365.46	696.95	331.49	4,318.37
Trailer Rental													
Motor Vehicle Rental													
Motor Vehicle Expense	428.87	579.38	311.53	327.97	701.06	326.25	343.55	338.75	1,258.68	2,557.16	989.50	339.02	8,501.72
Equipment & Vehicle Fuel	531.25	649.84	675.96	560.62	1,031.67	559.55	899.90	783.31	631.64	293.05	792.21	660.22	8,069.22
Travel Expense-Meals						96.72	11.28				111.83	84.99	304.83
Repair & Maint - Equipment							21.20			143.00			164.20
Repair & Maint - Pngrr Cars													
Equipment Rental			6,110.00		850.00	26.50							6,985.50
Track Repair Materials	850.00	1,340.19	850.00	1,700.00	109.60	2,352.18		850.00	3,916.26	1,828.93	1,080.00	1,700.00	16,577.16
Bridge Repair Materials													
Car Repair Materials													
FRA User Fees						18.72							18.72
Property Taxes	224.00	224.00	224.00	224.00	224.00	218.28	224.00	224.00	254.42	254.42	257.28	251.55	2,803.95
Taxes & Licenses													
Claims			4,463.80			880.00							5,343.80
Derailment Expense	1,150.00												1,150.00
Utilities	435.37	599.09	469.75	424.90	335.34	287.84	182.95	353.42	171.80	579.00	559.12	586.68	4,985.26
Telephone Expense	345.68	481.26	520.91	375.63	411.27	1,070.93	554.31	1,072.07	481.62	526.15	622.14	503.00	6,964.97
Radio Expense													
Rent - Office / Shop	201.27		16.28	140.72	16.37	30.16	140.72	406.34	13.89	421.85	1,451.14	13.10	2,838.74
Office Supplies					40.26	120.19	41.09			250.00	16.82		481.46
Supplies - General													
Supplies - Concessions													
Supplies - Conces. (Comp.)													
Inventory for Resale													
Insurance - General	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,777.17	1,761.59	21,310.46
Credit Card Discount / Fees													
Miscellaneous	100.00	100.00	100.00	1,050.00	100.00	100.00	100.00	100.00	100.00	100.00	182.00		2,132.00
TOTAL OPERATING EXPENSE	18,715.75	20,644.67	27,893.95	18,395.58	21,137.27	22,416.27	13,589.43	15,275.92	18,136.03	18,902.84	21,974.08	21,300.02	238,381.81
GROSS OPERATING PROFIT	16,303.25	10,239.33	3,841.05	13,893.42	20,519.73	12,225.73	18,215.57	15,945.08	18,861.57	12,267.16	12,156.92	15,973.98	170,442.79

Acq	Description	Meth/Life	Cost	Sec. 179	Depr Basis	Includes Section 179		
						Reg A/Depr	Curr Depr	End A/Depr
ASSET A/C#: LAND - ACCOUNT LAND								

ASSET A/C#: M&E - ACCOUNT M&E

05/01/99	LOCOMOTIVE GP 7 #2171 WY	SLP/ 7.00	21,326.17	0.00	21,326.17	5,077.86	3,046.60	8,124.2
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ASSET A/C#: TRA - ACCOUNT TRA

ASSET A/C#: VEH - ACCOUNT VEH

WYOMING COLORADO RAILROAD	
ENCAMPMENT BRANCH	
INCOME STATEMENT	
	2001
REVENUE	408,824.60
COST OF OPERATIONS	238,381.81
GROSS PROFIT	170,442.79
G & A EXPENSE:	
Advertising & Promotion	0.00
Bad Debt Expense	8,505.17
Bank Charges	17.96
Contributions	36.32
Dues & Subscriptions	96.86
Entertainment	0.00
Miscellaneous	1,094.88
Office Exp-Sundry	0.00
Office Supplies	0.00
Telephone Expense	0.00
Postage & Shipping	103.10
Professional Fees-Legal	0.00
Professional Fees-Other	3,092.46
Taxes & Licenses-Sundry	416.40
Taxes - State Franchise	7,002.88
Travel Expense-General	0.00
Travel Expense-Meals	0.00
Vehicle Expense-Fuel	0.00
Vehicle Expense-Rep & Maint	0.00
Vehicle Exp-Tax License/Ins	198.37
Vehicle Leases	0.00
Allocation from Home Office	25,387.94
TOTAL G & A EXPENSE	45,952.35
EARNINGS FROM OPERATIONS	124,490.44

W Y C O - ENCAMPMENT BRANCH
INCOME AND EXPENSE SUMMARY
FOR JUN 2004 - MAY 2005

PAGE 1

Acct. (Code)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	TOTAL
OPERATING INCOME:													
Freight Revenues													
Switching & Demurrage Rev.													
Car Repair Revenue													
Passenger Revenue													
Concession Sales													
Property Rents		550.00			5,060.00	300.00							5,910.00
Other Income - Sundry													
TOTAL OPERATING INCOME		550.00			5,060.00	300.00							5,910.00
OPERATING EXPENSE:													
400L Wages & Salaries													
406L Payroll Taxes													
408L Employee Health Insurance													
409G Commissions													
410G Travel Expense													
411G Advertising & Promotion													
413G Entertainment (Prof.)													
415G Consulting Fees													
418E Locomotive Rental													
421E Locomotive Fuel													
422E Locomotive Repairs													
423E Locomotive Supplies													
424E Traincar Rental													
426E Motor Vehicle Rental													
427E Motor Vehicle Expense	220.75	220.75	220.75										662.25
429E Equipment & Vehicle Fuel													
430E Travel Expense-Meals													
431E Repair & Maint - Equipment													
433E Repair & Maint - Psngr Cars													
434E Equipment Rental													
435M Track Repair Materials	250.00	250.00	250.00	531.80	250.00	250.00	500.00	250.00	250.00	250.00	250.00	250.00	3,031.80
436M Bridge Repair Materials													
437M Car Repair Materials													
440G FRA User Fees													
441G Property Taxes	348.00	348.00	348.00	348.00	683.68	683.68	655.72	430.00	430.00	430.00	430.00	430.00	5,565.08
442G Taxes & Licenses													
443G Claims													
444G Derailment Expense													
451G Utilities	98.04	123.95	73.44	102.28	90.95	97.59	98.40	125.40	79.56	104.88	104.80	139.63	1,238.92
452G Telephone Expense	149.47	169.80	151.08	153.72	154.96	154.44	155.49	157.60	157.61	178.61	157.86	160.00	1,900.64
453G Radio Expense													
459G Rent - Office / Shop													
460G Office Supplies													
461G Supplies - General													
462G Supplies - Concessions													
463G Supplies - Conces. (Comp.)													
464G Inventory for Resale													
470G Insurance - General													
480G Credit Card Discount / Fees													
490G Miscellaneous													
TOTAL OPERATING EXPENSE	1,066.26	862.50	1,043.27	1,303.76	1,179.59	1,185.71	1,409.61	963.00	917.17	713.49	942.66	979.63	167.96
GROSS OPERATING PROFIT	(1,066.26)	(312.50)	(1,043.27)	(1,303.76)	3,880.41	(885.71)	(1,409.61)	(963.00)	(917.17)	(713.49)	(942.66)	(979.63)	(6,656.65)

WYOMING COLORADO RAILROAD		
ENCAMPMENT BRANCH		
INCOME STATEMENT		
	06/01/04-05/31/05	
REVENUE		5,910.00
COST OF OPERATIONS		12,566.65
GROSS PROFIT		(6,656.65)
G & A EXPENSE:		
Advertising & Promotion		0.00
Bad Debt Expense		0.00
Bank Charges		8.37
Contributions		0.00
Dues & Subscriptions		0.00
Entertainment		0.00
Miscellaneous		0.00
Office Exp-Sundry		0.00
Office Supplies		0.00
Telephone Expense		0.00
Postage & Shipping		2.12
Professional Fees-Legal		0.00
Professional Fees-Other		6,686.38
Taxes & Licenses-Sundry		50.33
Taxes - State Franchise		0.00
Travel Expense-General		0.00
Travel Expense-Meals		0.00
Vehicle Expense-Fuel		0.00
Vehicle Expense-Rep & Maint		0.00
Vehicle Exp-Tax License/Ins		101.43
Vehicle Leases		0.00
Allocation from Home Office		385.61
TOTAL G & A EXPENSE		7,234.24
EARNINGS FROM OPERATIONS		(13,890.89)

Title: Gross Domestic Product: Implicit Price Deflator
 Series ID: GDPDEF
 Source: U.S. Department of Commerce: Bureau of Economic Analysis
 Release: Gross Domestic Product
 Seasonal Adjustment: Seasonally Adjusted
 Frequency: Quarterly
 Units: Index 2000=100
 Date Range: 1947-01-01 to 2005-07-01
 Last Updated: 2005-12-21 10:05 AM CT
 Notes: The number of decimal places reported varies over time. A Guid
 the National Income and Product Accounts of the United States (
 (http://www.bea.doc.gov/bea/an/nipaguid.pdf)

DATE	VALUE
1947-01-01	15.105
1947-04-01	15.329
1947-07-01	15.597
1947-10-01	15.989
1948-01-01	16.111
1948-04-01	16.254
1948-07-01	16.556
1948-10-01	16.597
1949-01-01	16.531
1949-04-01	16.350
1949-07-01	16.256
1949-10-01	16.272
1950-01-01	16.222
1950-04-01	16.286
1950-07-01	16.630
1950-10-01	16.950
1951-01-01	17.582
1951-04-01	17.690
1951-07-01	17.700
1951-10-01	17.896
1952-01-01	17.879
1952-04-01	17.913
1952-07-01	18.119
1952-10-01	18.172
1953-01-01	18.172
1953-04-01	18.206
1953-07-01	18.276
1953-10-01	18.316
1954-01-01	18.375
1954-04-01	18.392
1954-07-01	18.425
1954-10-01	18.477
1955-01-01	18.566
1955-04-01	18.644
1955-07-01	18.783
1955-10-01	18.973
1956-01-01	19.165
1956-04-01	19.276
1956-07-01	19.524
1956-10-01	19.599
1957-01-01	19.876
1957-04-01	20.012
1957-07-01	20.131
1957-10-01	20.133
1958-01-01	20.355
1958-04-01	20.419

1958-07-01	20.553
1958-10-01	20.656
1959-01-01	20.704
1959-04-01	20.704
1959-07-01	20.753
1959-10-01	20.840
1960-01-01	20.931
1960-04-01	21.004
1960-07-01	21.084
1960-10-01	21.146
1961-01-01	21.192
1961-04-01	21.237
1961-07-01	21.303
1961-10-01	21.375
1962-01-01	21.501
1962-04-01	21.533
1962-07-01	21.585
1962-10-01	21.653
1963-01-01	21.702
1963-04-01	21.745
1963-07-01	21.788
1963-10-01	21.951
1964-01-01	22.016
1964-04-01	22.073
1964-07-01	22.160
1964-10-01	22.270
1965-01-01	22.383
1965-04-01	22.480
1965-07-01	22.563
1965-10-01	22.707
1966-01-01	22.855
1966-04-01	23.048
1966-07-01	23.291
1966-10-01	23.505
1967-01-01	23.612
1967-04-01	23.741
1967-07-01	23.975
1967-10-01	24.241
1968-01-01	24.506
1968-04-01	24.763
1968-07-01	25.008
1968-10-01	25.362
1969-01-01	25.626
1969-04-01	25.958
1969-07-01	26.332
1969-10-01	26.675
1970-01-01	27.056
1970-04-01	27.428
1970-07-01	27.647
1970-10-01	28.004
1971-01-01	28.425
1971-04-01	28.798
1971-07-01	29.089
1971-10-01	29.322
1972-01-01	29.781
1972-04-01	29.959
1972-07-01	30.250
1972-10-01	30.652
1973-01-01	31.020
1973-04-01	31.500

1973-07-01	32.114
1973-10-01	32.750
1974-01-01	33.376
1974-04-01	34.162
1974-07-01	35.166
1974-10-01	36.218
1975-01-01	37.050
1975-04-01	37.614
1975-07-01	38.313
1975-10-01	38.987
1976-01-01	39.418
1976-04-01	39.840
1976-07-01	40.385
1976-10-01	41.122
1977-01-01	41.796
1977-04-01	42.401
1977-07-01	42.917
1977-10-01	43.852
1978-01-01	44.505
1978-04-01	45.321
1978-07-01	46.072
1978-10-01	47.047
1979-01-01	47.876
1979-04-01	49.058
1979-07-01	50.115
1979-10-01	51.117
1980-01-01	52.195
1980-04-01	53.349
1980-07-01	54.560
1980-10-01	56.071
1981-01-01	57.517
1981-04-01	58.598
1981-07-01	59.641
1981-10-01	60.729
1982-01-01	61.555
1982-04-01	62.302
1982-07-01	63.182
1982-10-01	63.863
1983-01-01	64.388
1983-04-01	64.853
1983-07-01	65.517
1983-10-01	66.012
1984-01-01	66.837
1984-04-01	67.414
1984-07-01	67.953
1984-10-01	68.385
1985-01-01	69.155
1985-04-01	69.550
1985-07-01	69.838
1985-10-01	70.289
1986-01-01	70.652
1986-04-01	71.015
1986-07-01	71.426
1986-10-01	71.893
1987-01-01	72.487
1987-04-01	72.882
1987-07-01	73.425
1987-10-01	73.958
1988-01-01	74.587
1988-04-01	75.300

1988-07-01	76.141
1988-10-01	76.712
1989-01-01	77.580
1989-04-01	78.324
1989-07-01	78.879
1989-10-01	79.425
1990-01-01	80.375
1990-04-01	81.311
1990-07-01	82.031
1990-10-01	82.646
1991-01-01	83.626
1991-04-01	84.165
1991-07-01	84.762
1991-10-01	85.206
1992-01-01	85.721
1992-04-01	86.190
1992-07-01	86.580
1992-10-01	87.029
1993-01-01	87.707
1993-04-01	88.190
1993-07-01	88.570
1993-10-01	89.038
1994-01-01	89.578
1994-04-01	89.954
1994-07-01	90.530
1994-10-01	90.952
1995-01-01	91.530
1995-04-01	91.859
1995-07-01	92.289
1995-10-01	92.733
1996-01-01	93.328
1996-04-01	93.659
1996-07-01	93.951
1996-10-01	94.450
1997-01-01	95.054
1997-04-01	95.206
1997-07-01	95.534
1997-10-01	95.846
1998-01-01	96.089
1998-04-01	96.249
1998-07-01	96.600
1998-10-01	96.934
1999-01-01	97.328
1999-04-01	97.674
1999-07-01	98.013
1999-10-01	98.432
2000-01-01	99.317
2000-04-01	99.745
2000-07-01	100.259
2000-10-01	100.666
2001-01-01	101.478
2001-04-01	102.252
2001-07-01	102.675
2001-10-01	103.191
2002-01-01	103.568
2002-04-01	103.938
2002-07-01	104.328
2002-10-01	104.907
2003-01-01	105.705
2003-04-01	106.004

2003-07-01	106.498
2003-10-01	106.983
2004-01-01	107.958
2004-04-01	108.987
2004-07-01	109.343
2004-10-01	110.077
2005-01-01	110.905
2005-04-01	111.622
2005-07-01	112.527

WYOMING COLORADO RAILROAD
VALLEY OIL
2001 FUEL PURCHASES

	Gallons	Total Cost	Avg Price Per Gallon
1st QTR	10,484.0	13,576.35	1.2950
2nd QTR	7,093.0	8,708.09	1.2277
3rd QTR	3,910.0	4,622.37	1.1822
4th QTR	9,368.0	9,576.34	1.0222
	30,855.0	36,483.15	1.1824

* 12/4/01 PAID 1.055/gallon

WYOMING COLORADO RAILROAD
FARMERS SUPPLY - OREGON
2001 FUEL PURCHASES

	Gallons	Total Cost	Avg Price Per Gallon
1st QTR	4,508.1	5,150.73	1.1426
2nd QTR	1,895.0	2,142.37	1.1305
3rd QTR	3,618.4	3,534.18	0.9767
4th QTR	4,068.6	3,273.61	0.8046
	14,090.1	14,100.89	1.0008

* 11/26/01 PAID .779/gall

WYOMING COLORADO RAILROAD
FARMERS SUPPLY - OREGON
2005 FUEL PURCHASES

	Gallons	Total Cost	Avg Price Per Gallon
1st QTR	3,019.2	5,052.93	1.6736
2nd QTR	2,545.3	4,994.16	1.9621
3rd QTR			
4th QTR			
	5,564.5	10,047.09	1.8056

* 7/26/05 PAID 2.169/gallon

11/29/2005

RAILROAD MATERIALS SALVAGE, INC.
P.O. BOX 612
RICHMOND, MO, 64085
816-776-7270 FAX 816-470-7069

Net Liquidation Value of the Line
73.71 Track miles of Mainline and .85 Track Miles of Siding

Weight	Quality	Net Tonnage	VALUE/TON	Total Value
Rail:				
60 LB	Scrap	33 Tons	\$ 180 ⁰⁰ /n.t.	\$ 5,940 ⁰⁰
90 LB				
	#1 Relay	9 Tons	\$ 400 ⁰⁰ /n.t.	\$ 3,600 ⁰⁰
	Re-roll	11 Tons	\$ 260 ⁰⁰ /n.t.	\$ 2,860 ⁰⁰
	Scrap	27 Tons	\$ 180 ⁰⁰ /n.t.	\$ 4,860 ⁰⁰
110 LB				
	Re-roll	13 Tons	\$ 260 ⁰⁰ /n.t.	\$ 3,380 ⁰⁰
	Scrap	7 Tons	\$ 180 ⁰⁰ /n.t.	\$ 1,260 ⁰⁰
133 LB				
	#1 Relay	4,573	\$ 600 ⁰⁰ /n.t.	\$ 2,743,800 ⁰⁰
	#2 Relay	605	\$ 550 ⁰⁰ /n.t.	\$ 332,750 ⁰⁰
	Re-roll	305	\$ 260 ⁰⁰ /n.t.	\$ 79,300 ⁰⁰
	Scrap	87 Tons	\$ 180 ⁰⁰ /n.t.	\$ 15,660 ⁰⁰
BAR:				
60 LB-110 LB	Scrap	7 Tons	\$ 180 ⁰⁰ /n.t.	\$ 1,260 ⁰⁰
133 LB				
	Relay	401 Tons	\$ 600 ⁰⁰ /n.t.	\$ 240,600 ⁰⁰
PLATES:				
Single Shoulder	Scrap	12 Tons	\$ 180 ⁰⁰ /n.t.	\$ 2,160 ⁰⁰
Double Shoulder	Relay	1,026 Tons	\$ 600 ⁰⁰ /n.t.	\$ 615,600 ⁰⁰
Double Shoulder	Scrap	26 Tons	\$ 180 ⁰⁰ /n.t.	\$ 4,680 ⁰⁰
SPIKES & BOLTS				
ANCHORS:	Scrap	124 Tons	\$ 180 ⁰⁰ /n.t.	\$ 23,320 ⁰⁰
TURNOUTS:	Scrap	7 ea.	\$ 500 ⁰⁰ /ea	\$ 3,500 ⁰⁰
TIES:				
	Fair	38,024 ea.	\$ 500 ⁰⁰ /ea	\$ 19,012,000 ⁰⁰
	Scrap	36,354 ea.	NO VALUE	
Land				\$ 85,500 ⁰⁰
Total VALUE: approx 285 acres @ 200 ⁰⁰ /acre				
24.564/m Take-Up Cost to Remove Rail @ 0.71 m @ 13K/mi				2319,280 ⁰⁰
Net Liquidation value				\$ 4,040,870 ⁰⁰

Greg, the above prices are f.o.b. jobsite. It will probably take \$500 - 750⁰⁰ per net ton to get the product to market. If you have any questions please call.
Regards, John Fain



Mineral Industry Surveys

For information, contact:

Michael Fenton, Iron and Steel Scrap Commodity Specialist
U.S. Geological Survey
989 National Center
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IRON AND STEEL SCRAP IN OCTOBER 2005

On a daily average basis in October 2005, estimated consumption of iron and steel scrap and net receipts of purchased and home scrap were about the same as those of September 2005, according to the U.S. Geological Survey. Production of home scrap was down 1% and stocks of purchased and home scrap at the end of the month were up 3% compared with those of September 2005. These observations are based upon responses from 58% of the companies surveyed that manufacture pig iron and semifinished steel products, which represent 49% of the total scrap consumption in those sectors, and estimates for nonrespondents to this survey.

On a daily average basis, pig iron production was up 2% and consumption was up 2% compared with those of September 2005. Stocks of pig iron at month's end were down 3% compared with those of September 2005.

Exports of iron and steel scrap for the month of September 2005 decreased 22% from those of August 2005. China was the leading country of destination, accounting for 26% of the total tonnage of exports, followed by Turkey, with 22%, and Canada, with 15% (table 6). Los Angeles, CA, was the leading U.S. Customs district for tonnage of exports, accounting for 24% of the total, followed by New York, NY, with 14%, and Laredo, TX, with 9% (table 7).

Imports of iron and steel scrap for September 2005 increased 23% compared with those of August 2005. Canada was the leading country of origin, accounting for 70% of the total tonnage of imports, followed by United Kingdom, with 23% and Mexico with 4% (table 9). Detroit, MI, was the leading U.S. Customs District for tonnage of imports, accounting for 36% of the total, followed by Charleston, SC, with 23%, and Seattle, WA, with 19% (table 10).

The daily average domestic raw steel production for October 2005, as calculated from the American Iron and Steel Institute's (AISI) monthly production data, amounted to 264,000 metric tons (t), up 2% from 259,000 t in September 2005 and down 5% from 279,000 t in October 2004 (table 12). The electric furnace portion of raw steel production for October 2005 was 58%, up from 57% in September 2005 and up from 56% in October 2004.

Raw steel production capability utilization (AISI data) in October 2005 was 89%, up from 86% in September 2005 and down from 98% in October 2004 (table 12). Continuous cast steel production in the United States accounted for 97% of total raw steel production in October 2005, and up from 96% in September 2005 and up from 96% in October 2004.

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TABLE 12
U.S. RAW STEEL PRODUCTION, RAW STEEL CAPABILITY UTILIZATION,
AND CONTINUOUS CAST STEEL PRODUCTION¹

Period	Raw steel production, thousand metric tons		Raw steel capability utilization, percent		Continuous cast steel production, percent	
	Monthly	Year to date ²	Monthly	Year to date	Monthly	Year to date
2004:						
October	8,660	82,600	97.5	93.9	95.9	96.0
November	8,160	90,700	94.8	93.9	97.2	97.2
December	8,130	98,900	91.5	93.8	96.7	97.1
2005:						
January	8,280	8,280	90.9	90.9	96.6	96.6
February	7,640	15,900	92.9	91.9	96.7	96.7
March	8,190	24,100	88.4	89.7	96.7	96.7
April	7,950	32,000	89.2	89.5	96.7	96.7
May	7,750	39,800	84.2	88.4	96.4	96.6
June	7,110	46,900	79.8	87.0	96.2	96.5
July	7,160	54,000	77.1	85.5	97.3	96.7
August	7,560	61,600	81.3	85.0	96.8	96.7
September	7,770	69,400	86.4	85.0	95.7	96.6
October	8,190	77,700	89.3	85.6	96.7	96.5

¹Data are rounded to no more than three significant digits.

²Year-to-date may include revisions for previous months.

Source: American Iron and Steel Institute.

TABLE 13
COMPOSITE PRICES FOR NO. 1 HEAVY MELTING STEEL SCRAP AND PIG IRON

Period	American Metal Market No. 1 HMS		Iron Age No. 1 HMS		Iron Age Pig Iron ¹	
	\$/lt	\$/t	\$/lt	\$/t	\$/lt	\$/t
2004:						
October	237.37	233.62	235.83	232.11	372.13	366.25
November	251.67	247.70	250.67	246.71	390.67	384.50
December	218.38	214.93	209.39	206.08	370.86	365.00
Average	213.68	210.31	208.25	204.96	334.53	329.25
2005:						
January	205.02	201.78	197.67	194.54	337.84	332.50
February	199.32	196.17	193.59	190.53	317.52	312.50
March	197.81	194.69	196.17	193.07	320.04	314.99
April	217.64	214.20	213.54	210.17	327.66	322.49
May	180.19	177.34	174.30	171.55	327.66	322.49
June	124.92	122.95	120.83	118.92	308.61	303.74
July	137.58	135.41	135.21	133.07	248.29	244.36
August	188.09	185.12	187.10	184.15	261.11	256.99
September	229.87	226.24	232.13	228.46	295.91	291.24
October	202.33	199.13	197.73	194.61	294.64	289.99

¹Prices are Brazilian basic pig iron, F.O.B. New Orleans, LA.

Note: Long tons = lt; metric tons = t.

VERIFICATION

STATE OF UTAH

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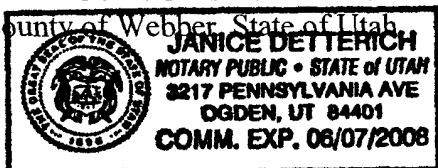
COUNTY OF WEBBER

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I, Gregory L. Kissel, being duly sworn depose and state that I am Executive Vice President of Wyoming and Colorado Railroad Company, Inc, that I am authorized to make this verification, and that I have read the foregoing Petition for Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

Gregory L. Kissel
Gregory L. Kissel

SUBSCRIBED AND SWORN TO before me this 8th day of February, 2006, in the County of Webber, State of Utah



My Commission Expires: 6-7-2008

Janice Detterich

Notary Public